

# Delaware details numerous problems

## School audits show \$11 million deficit

By RACHEL DAVIS, The Times-Union?

DOVER, Del. -- During Superintendent Joseph Wise's term, the Christina School District didn't repay debts owed to the state, misallocated monies for schools, borrowed from some construction projects to pay for another and was repeatedly cited for shoddy bookkeeping, according to state audits.

Wise, who left Delaware in November to head Duval County public schools, came under fire last month after officials in Delaware discovered a multimillion-dollar deficit. The final financial review, released Friday, showed an \$11.3 million deficit.

Christina is Delaware's largest school district with about 19,000 students and an annual budget of about \$298 million.

Wise has previously said his administration was audited 31 times by the state auditor with no findings during his 28-month term as superintendent.

But there were findings in varying degrees in 10 of the 15 audits provided to the Times-Union by the Delaware Auditor's Office. Auditors repeatedly cited the district for noncompliance with state law and Department of Education regulations.

Theresa Giles, then-Christina chief financial officer, and current chief financial officer for Duval County schools, provided the Times-Union with 31 documents she called audits. They were shown to officials in the state auditor's office, who determined some were draft audits and others were working papers used in compiling audits.

Giles said she defined an audit as any visit by auditors or any request for financial or operating information from the district.

The final audits showed Christina School District:

- ? Owes the state about \$280,000 for not properly documenting student enrollment at several schools.
- ? Paid some schools with occupational and vocational courses less than they were entitled and others more than they were entitled under state law.
- ? Kept such disorganized books that the auditor's office recommended an independent audit by an outside agency.
- ? Used money earmarked for elementary and high school projects to pay for construction of a new middle school.

Delaware funds its school districts based on student enrollment as of Sept. 30 each year. Auditors said the Christina School District lacked proper documentation for some students in 2003, and in 2004 had fewer students than it claimed. As a result, auditors said the district should repay the state about \$280,000.

In the 2003 finding, the district admitted it lacked documentation for every student but said all were educated.

In 2004, the district didn't use all of the state money allotted so there was no need to pay it back, Wise responded in the audit.

In Delaware, districts receive state money based on their enrollment to pay for occupational and vocational courses at each school. Christina distributed the money based on school need, not enrollment. The practice shortchanged some schools and gave others more than they were entitled to, a violation of state law, according to an August 2005 audit.

Wise responded that money was spent appropriately because it all went to the special schools.

### *Bookkeeping woes*

In the same report, auditors said Christina's bookkeeping practices concerning local money for special education schools were inaccurate. The auditors suggested the district obtain an independent review of its books.

Instead of obtaining an accounting firm at taxpayer expense, Wise promised the district would more clearly document figure transactions.

This month, a new audit was released reviewing school construction costs while Wise was superintendent.

In 2002, taxpayers approved funding to build a new middle school. Three years later, the district bought land with an existing warehouse, which it intended to convert into a school. The auditors said that changed the scope of what voters approved, a violation of Delaware law.

Giles said the Department of Education and the Office of Management and Budget approved the purchase of the land and the warehouse. But J.J. Davis, director of Management and Budget, said her office only approved the reuse of a warehouse.

Her office does not have the authority to change the scope of the 2002 voter initiative, she said. The only legal way to make that change is by going back to the voters.

The audit also found the district used money earmarked for elementary and high school construction projects to purchase the property for the new middle school.

That violated Delaware Code and left the district without enough money to finish -- or even start -- other projects voters approved in 2002, auditors said.

The Department of Education is responsible for following up on any recommendations made by the auditor's office and making sure the districts repay money owed to the state. Education Secretary Valerie Woodruff said she told Wise the audit findings were not forgiven and Christina still owed the state money. Last week, Giles said Woodruff never told that to the district..

#### *Rebutting the claims*

The state's financial review that discovered the looming deficit was initiated at the request of Wise's replacement. Nothing in the audits points to a shortfall of that magnitude, Wise has said. He and Giles deny any shortfall exists.

The deficit "is a legitimate, real issue so if people are suggesting otherwise, I continue to be shocked," Davis said.

In a letter to Christina school district, Wise said the deficit is a result of the state review team looking at only what the district owes through June and not what it is expected to earn in that time. He has also attributed the findings in the review to election-year posturing by his political enemies.

Since the discovery, Giles has retained an attorney. In letters Maryland attorney Leslie Stellman sent to the State Auditor's Office, Department of Education, Office of Management and Budget and Christina School district, Giles says she believes her credibility and reputation has been severely damaged by the review. The letters request proof of public assertions made by officials in Delaware. Stellman would not say whether they planned to sue.

She points to a list of accomplishments that reflect Wise's term in Christina. Among them is an increase in general and minority enrollment in advanced placement classes, increased parental involvement and narrowing the reading achievement gap between minority and white students.

Brenda Priestly-Jackson, chairwoman of the Duval County School Board, said she is not that familiar with what happened in Delaware under Wise's administration but is concerned about the auditors' findings of disorganized books.

"You've got to keep appropriate documentation," she said. "That's not only your checks and balances ... but that is also how you ensure systematic change for anything."

She said the board continues to stand behind Wise and his administration but remains committed to its own responsibilities of ensuring the financial health of Duval schools.

[Rachel.davis@jacksonville.com](mailto:Rachel.davis@jacksonville.com), (904) 359-4614